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EXCISE a5

(99)

SAUDI ROLE IN THE PEACE PROCESS:

Saudi Arabia has long sought to keep moderate Arab states such as Jordan and Egypt strong in their resolve to seek a negotiated settlement to the Arab-Israeli conflict.

-- The Saudis have also worked to keep the Syrians from sliding into the rejectionist camp in the interests of forging a moderate Arab consensus which could form the basis for negotiations.

-- Saudi financial support for these states has been a critical component of this effort. In 1976 Saudi Arabia provided budgetary support to the key Arab states as follows:

Egypt

Jordan

Lebanon

Syria

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-- Politically, they have urged Arab governments to seek a negotiated solution, because they fear that renewed Arab-Israeli hostilities would cause the downfall of moderate regimes such as Sadat's, and a resurgence of radical and Soviet influence in the Arab world.

-- Specifically, they convened the Riyadh conference in October 1976 to address the threat to the peace of the area posed by the Lebanese civil war. This conference not only

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succeeded in ameliorating and confining that conflict; but helped bring Egypt, Syria and Jordan into a closer relationship.

-- Again in the wake of Sadat's peace initiative the Saudis, appealing to Syrian President Assad's commitment to a negotiated settlement, convinced him not to join the rejectionist camp and keep open his options on joining a Geneva peace conference.

-- The Saudis have publicly demonstrated their support for Sadat's peace initiative by maintaining their financial assistance to Egypt.

-- The Saudis have urged moderate leaders within the PLO to accept the principle of a negotiated settlement and specifically to attend a reconvened Geneva conference.

-- The Saudis have made it clear to us and to all Arab states involved that when a settlement is reached, they are prepared to commit very large sums to peacetime economic development of the region. This commitment acts as a powerful inducement to the confrontation states to maintain the momentum toward peace. It also means that Palestinian concerns about resettlement and the economic viability of their eventual homeland will essentially be met.

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-- Sadat has demonstrated courage and creativity in taking initiatives to move toward peace. He has stated that his objective--as indeed it is ours as well--is a comprehensive peace settlement involving all the parties to the conflict. In this sense he must act within the context of an Arab consensus which must be forged and brought along as the peace process proceeds.

-- In addition to the importance to Sadat of his direct link to Saudi Arabia, he recognizes in Saudi Arabia a key power--in some ways the key power--in developing this consensus. Saudi Arabia occupies this position by virtue of:

-- its financial power,
-- its moral force in the Islamic Arab world,
-- its influence over moderate Palestinian elements,
-- the fact that it is not a confrontation state, and
-- the closeness of its ties with the United States.

Saudi Arabia will be called upon not just to remain an essential outside bulwark of the Sadat Government, but to be the catalyst drawing Jordan, Syria, and the Palestinians back into an active and constructive role in the negotiating process.

-- The proposed Middle East aircraft sales will strengthen Saudi resolve in this difficult undertaking and intensify the bonds between Sadat and Saudi Arabia--and the confidence of both in the United States.

-- Refusal to sell the aircraft would not only damage Saudi trust in our intentions in the Middle East but badly

undercut the influence of Saudi Arabia as a pro-American moderate force behind the peace process.

-- Should Saudi Arabia become less responsive to the U.S. role in the peace process, Sadat's ability to lead the Arabs toward peace would by the same token be constrained.